

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 EB-11 CIAE-00 INR-10 NSAE-00 RSC-01

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FM AMCONSUL ZAGREB

TO SECSTATE WASHDC 2477

USDOC WASHDC

INFO AMEMBASSY BELGRADE

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E.O. 11652: N/A

TAGS: ETRD, YO

SUBJECT: OPPORTUNITY FOR GM DIESEL SALES ON YUGOSLAV MARKET

SUMMARY: MAJOR ZAGREB AGENCY FIRM (REPRESENTING GENERAL MOTORS) EXPRESSES CONCERN GM MAY LOSE SIGNIFICANT (\$3 MILLION ANNUALLY) LOCAL MARKET FOR DIESEL MOTORS THROUGH INABILITY TO MAKE TIMELY DELIVERIES. FIRM REQUESTS COMMERCE ENCOURAGE GM ACCORD YUGOSLAV CUSTOMER STRONGER PRIORITY. END SUMMARY

1. GENERAL DIRECTOR MAJOR ZAGREB REPRESENTATION FIRM "VELEBIT," MARIJAN PAVUNC, CALLED AT CONGEN MAY 29 AND EXPRESSED CONCERN THAT REPORTED INABILITY OF GM (WORKING THROUGH ITS AFFILIATE GM SUISSE, BIEL-BIENNE, SWITZERLAND) TO DELIVER CERTAIN SIZES OF DIESEL ENGINES DURING 1974 FOR END-USE OF ULJANIK SHIPYARD IN PULA COULD ENDANGER VERY SIGNIFICANT LONG-TERM TRANSACTION. ULJANIK REPORTEDLY WISHES USE GM DIESEL ENGINES UP TO 785 HP IN SIZE AS DRIVE UNITS FOR ELECTRICAL GENERATION SYSTEMS FOR USE BOTH ON SHIPS AND ON SHORE (AS AUXILIARY POWER). ULJANIK REPORTEDLY WOULD BUY AT LEAST 100 ENGINES PER YEAR. PAVUNC ESTIMATES VALUE OF TRANSACTION AS AT LEAST \$3 MILLION ANNUALLY, NOTING GREAT POTENTIAL DEMAND FOR EMERGENCY GENERATING UNITS RESULTING FROM YUGOSLAV POWER SHORTAGE. TRANSACTION ALSO CONSIDERED IMPORTANT AS OPENING WEDGE IN ESTABLISHING SUPPLIER RELATIONSHIP FOR YUGOSLAVIA'S

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SIGNIFICANT SHIPBUILDING INDUSTRY.

2. WHILE FREELY ACKNOWLEDGING THAT "THERE IS MORE THAN ONE SIDE TO STORY"--I.E., ULJANIK MAY HAVE COMPLICATED MATTERS THROUGH REQUESTS FOR SPECIAL SPECIFICATIONS, ETC., PAVUNC STILL HOPED THAT GM MIGHT TAKE A SPECIAL INTEREST--HIGH WORLDWIDE DEMAND FOR DIESEL MOTORS NOTWITHSTANDING. THIS CONNECTION, PAVUNC NOTED "VELEBIT" STILL VERY INTERESTED IN POSSIBILITY WORKING DIRECTLY WITH BRUCE GM DIESEL (FIRM REPRESENTED ON NORTH CAROLINA TRADE MISSION HERE IN 1973). "VELEBIT," HOWEVER, SLOW TO TAKE INITIATIVE THIS REGARD SINCE IT OBVIOUSLY CAUTIOUS ABOUT ENDANGERING LONG-ESTABLISHED RELATIONSHIP WITH GM INTERNATIONAL. THUS "VELEBIT" NOW DEALS WITH SWISS SUBSIDIARY WHICH MEANS THAT MOTORS TRAVEL TO SWITZERLAND (PRESUMABLY BY SHIP/RAIL) WHERE THEY RECEIVE SOME MODIFICATIONDTAND ARE THEN RETRANSPORTED BY RAIL TO THE ADRIATIC SEAPORT OF PULA (NEAR RIJEKA).

3. ACTION REQUESTED: COMMERCE REQUESTED BRING THIS MATTER TO ATTENTION OF APPROPRIATE OFFICE OF GM MANAGEMENT. DECONTROL UPON RECEIPT.
WILSON

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Message Attributes

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